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Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight

Medicaid Inspector General Update
December 13, 2021

Chairman Hilderbrand and Members of the Committee:

Thank you for the opportunity to appear today and discuss the Office of the Medicaid Inspector General (OMIG) with you this morning. My name is Steve Anderson and I am pleased to present this update regarding the OMIG.

Updates

The OMIG continues to oversee an ever increasing number of complaints of fraud, waste, abuse, and illegal acts concerning the Kansas Medicaid program (KanCare), the MediKan program, and the State Children's Health Insurance Program (SCHIP). In CY 2019, the OMIG screened a total of 227 fraud reports which were primarily submitted by the Kansas Department for Children and Families (DCF). In CY 2020, the OMIG screened a total of 650 fraud reports with 629 (97%) being submitted by DCF. That was an increase of more than 186% in one year. So far in CY 2021, the OMIG has screened 1,107 cases, with 981 (88.6%) being submitted by DCF. That is almost double the amount of complaints handled in CY 2020.

The OMIG is continuing its audit of the HCBS program and with the intention of answering the following questions:

1. Does KDHE have an effective system for tracking the redetermination of Medicaid beneficiaries on the HCBS program?
2. Are there Medicaid beneficiaries on the HCBS program that have not used it for more than a year?
3. What are the requirements and responsibilities of the Managed Care Organizations to ensure Medicaid beneficiaries are properly enrolled in the HCBS program?

It is anticipated that a draft will be completed in January 2022 and provided to KDHE and KDADS for comment.

The OMIG is also continuing to review the issue of Medicaid beneficiaries not reporting financial windfalls; particularly windfalls from lottery and casino winnings, to KanCare. The review is focused on beneficiaries that win more than $10,000.00, but do not report the winnings as required. If properly reported, the beneficiary's Medicaid benefits would be temporarily suspended until a spenddown was completed. Two individuals have been identified and investigations have been opened. It is anticipated that when records from the Kansas Lottery are examined additional individuals will be identified.

COVID-19 Monitoring

The COVID-19 pandemic has created new opportunities for fraud. Our analyst continues to run data queries based on his training and experience. To date, he has not found evidence of billings for improper COVID-19 testing. However, we are regularly reviewing encounter data related to COVID-19 to identify any improper activity. The OMIG is constantly reviewing data to look for irregularities, trends, or errors related to COVID-19. Any instances of provider fraud that are identified will be forwarded to the attorney general's Medicaid Fraud and Abuse Division for review.

OMIG Staffing

The staffing for the OMIG currently stands at three full time employees and one part-time employee. Additional staff members are needed to address the many audits, reviews, and investigations that require attention. Since my confirmation in April 2021, the OMIG has identified $1,665,815.43 in improper payments, $1,252,520.00 in potential savings, $1,534,043.17 in lost interest, and nine recommendations for improvement. The OMIG has also referred 32 cases to the attorney general's Medicaid Fraud and Abuse Division and 33 cases to KDHE for Personal Care Attendant fraud, plus four referrals to Managed Care Organizations to review for potential overpayment.

As noted above, in less than a year, more than $4,452,378 was identified as being improperly paid or lost due to inefficient handling of Medicaid funds. This does not take into account financial savings that will result from the recommendations for improvement or the numerous cases referred for prosecution and administrative action due to potential overpayment. The first report issued during my tenure involved the difficulties experienced by citizens attempting to report suspected Medicaid fraud. Due to this report, it is now significantly easier to report

suspected Medicaid fraud. These referrals also are routed through the food assistance program, which also identifies fraud involving that program.

The FY 2022 base budget for OMIG of $464,282 when compared to the more than $4,452,378 identified in less than a year should be considered an excellent return on the investment. The OMIG was neglected for many years and only recently had staff and the ability to do any part its job. Increasing the number of approved staff would enable the OMIG to provide the type of oversight sorely needed when the immense size, cost, and complexity of the Medicaid program is considered. The additional staff would enable OMIG to conduct a far greater number of audits, reviews, and investigations that would certainly result in a more effective and efficient Medicaid program.

Thank you for your time this morning. As always, we welcome any suggestions from the Committee on audit, review, or investigation topics.